



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0318	<b>Title:</b>	Regulate debt settlement companies
<b>Primary Sponsor:</b>	Kottel, Deborah	<b>Status:</b>	As Amended in Senate Committee

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns                         |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$24,490	\$28,300	\$29,485	\$30,687
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$45,750	\$45,750	\$45,750	\$45,750
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### Description of fiscal impact:

The state special revenue generated by the registration fee will offset the program expenses.

### FISCAL ANALYSIS

#### Assumptions:

1. According to The Association of Settlement Companies (TASC), there were 183 registered debt settlement companies in 2008.
2. It is assumed that all of the 183 debt settlement companies will register to operate in Montana each year through the 2013 biennium.
3. Based on the \$250 registration fee, it is assumed \$45,750 of state special revenue will be collected each fiscal year through the 2013 biennium [183 companies \* \$250.00 fee = \$45,750]. The fee revenue will be utilized to offset the program expenses.
4. There is no assumed revenue from failure to register penalties.

5. It is assumed that a 0.50 FTE compliance technician will be needed to start on October 1, 2009 to register and monitor the debt settlement companies and administer the duties related to this act. This would result in personal services cost of \$15,754 in FY 2010.
6. Personal services costs are estimated to be \$21,606 in FY 2011, \$22,595 in FY 2012, and \$23,594 in FY 2013.
7. The new employee office package will cost \$1,200 and the new computer equipment will cost \$1,400 in FY 2010 only.
8. The rent, phone, data line, and supplies are estimated to be \$6,136 in FY 2010, \$6,694 in FY 2011, \$6,890 in FY 2012, and \$7,093 in FY 2013.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>FTE</b>	0.38	0.50	0.50	0.50
<b><u>Expenditures:</u></b>				
Personal Services	\$15,754	\$21,606	\$22,595	\$23,594
Operating Expenses	\$8,736	\$6,694	\$6,890	\$7,093
<b>TOTAL Expenditures</b>	<b>\$24,490</b>	<b>\$28,300</b>	<b>\$29,485</b>	<b>\$30,687</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$24,490	\$28,300	\$29,485	\$30,687
<b>TOTAL Funding of Exp.</b>	<b>\$24,490</b>	<b>\$28,300</b>	<b>\$29,485</b>	<b>\$30,687</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$45,750	\$45,750	\$45,750	\$45,750
<b>TOTAL Revenues</b>	<b>\$45,750</b>	<b>\$45,750</b>	<b>\$45,750</b>	<b>\$45,750</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$21,260	\$17,450	\$16,265	\$15,063

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Sponsor's Initials\_\_\_\_\_  
Date\_\_\_\_\_  
Budget Director's Initials\_\_\_\_\_  
Date



## Dedication of Revenue 2011 Biennium

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17-1-507-509, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

Each Montanan that chooses to utilize a debt settlement company that has been registered by the Office of Consumer Protection will have confidence that the company is legitimate and insured. This service is provided free of charge to the consumer.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

The Office of Consumer Protection is already a dedicated state special revenue agency. Therefore consistency in the program structure would allow for more efficient and quicker tracking of expenses and revenue.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**

Yes

- d) **Does the need for this state special revenue provision still exist? ☒ Yes ☐ No (Explain)**

The funding would provide both protection and education for Montana consumers against the dubious practices of unregulated debt settlement companies.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No, the Office of Consumer Protection would still be under the auspices of the legislature.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**

With the passage of HB318 the Office of Consumer Protection would be able to fully implement registration and monitor the debt settlement industry. This would protect Montana consumers from the less scrupulous debt settlement companies emerging almost daily.

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**

The dedicated revenue provision would insure the consistent protection of Montana consumers by allowing available funds to be utilized directly in debt settlement investigations.